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all three of the defined benefit plans. That rate of return is determined by the Public Employees Retirement Board, PERB, on the recommendations of an actuary. It is designed to be the very long-term rate of return that we should reasonably expect, not the rate of return for this year or last year or next year, but the very long rate of return.

SENATOR VRTISKA: I understand that, but I guess the question that I would...I'm trying to get to is, given these present circumstances of the return on investments, and you mentioned this, how...how long do you predict, and I'm not asking you to put yourself out on a limb, but how long would you predict with the rate of return that most investments are receiving now, how long do you predict that we can continue without having to increase the contribution?

SENATOR WICKERSHAM: Well, I really can't tell. I will advise you that I asked the actuary that question and when the actuary couldn't tell me the answer I gave up because what...you'd have to make a number of different assumptions. One, you do have to assume a specific rate of return in opposition to the actuarial rate of return. You have to make some other assumptions and...and the actuary just refused to answer the question, and when the actuary wouldn't answer the question I decided that I shouldn't try to. All you can do is suggest to yourself that if you have contribution rates that are not adequate to fund existing benefits, and if you are living off reserves, and if reserves are reduced, one, by erosion of the reserves due to funding of an imbalance in your contribution rates or, secondly, by investment returns that are below the actuarial rate, at some time you will be out of reserves and the point at which you're out of reserves you will either have to adjust the contribution rate or the state would be required to make a contribution because of an unfunded liability. And I'm...I'm sorry I cannot be more specific than that. If rates of return on...actual rates of return on investments became anywhere near 8 percent, it might be a very long time. If they remained negative, as they were for the last year, that is below zero, it would come much sooner.

SENATOR VRTISKA: Well, okay, I appreciate your answer even